

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05  
SS-15 STR-06 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02  
SOE-02 OMB-01 DOE-11 /124 W  
-----053343 192222Z /46

R 190707Z JAN 78  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 4456  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY PARIS  
USMISSION GENEVA

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USEEC, USOECD, US MISSION ALSO FOR USMTN

E.O. 11652: NA  
TAGS:ETRD, EC, JA  
SUBJECT: GOJ VIEWS ON GILMORE CASE AND EC STEEL PLAN

REF: (A) STATE 768 (B) BRUSSELS 714

SUMMARY: MITI STILL CONCERNED OVER GILMORE CASE, PARTICULARLY  
COST OF PRODUCTION CALCULATIONS AND IMPACT OF ANTI-DUMPTING  
PROCEDURES ON TRIGGER PRCE SYSTEM. CONCERNING EC PLAN,  
MITI IS NOT OPPOSED TO QUANTITATIVE AGREEMENT IN PRINCIPLE,  
BUT IS UNHAPPY WITH HIGH LEVEL OF BASE PRICES AND SEES  
OVERALL PLAN AS POTENTIALLY VERY TRADE-RESTRICTIVE. IRON  
AND STEEL DIVDIR IWASAKI HOPES TO MEET USG OFFICIALS IN  
NEAR FUTURE TO DISCUSS THESE POINTS IN GREATER DETAIL.  
END SUMMARY.

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1. WE CALLED ON MITI IRON AND STEEL DIVDIR. IWASAKI  
YESTERDAY TO DISCUSS GOJ VIEW OF NEW EC STEEL IMPORT  
PLAN. IWASAKI TOLD US THAT HE HOPES TO VISIT  
WASHINGTON IN THE NEAR FUTURE, POSSIBLY IN CONNECTION  
WITH PLANS TO ATTEND THE NEXT MEETING OF THE OECD  
STEEL GROUP. HE WANTS TO DISCUSS A NUMBER OF CURRENT  
STEEL TOPICS WITH USG OFFICIALS, PARTICULARLY THE

GILMORE CASE, IMPLEMENTATION OF TRIGGER PRICES, AND THE EC STEEL PLAN.

2. CONCERNING THE GILMORE CASE, IWASAKI EXPRESSED MITI "EMBARRASSMENT" OVER FINAL FINDING (MITI STILL HOPED FOR SUSPENSION OF CASE), AND SAID THAT GOJ RESERVATIONS ON TREASURY DEPT. DETERMINATION OF CONSTRUCTED COSTS REMAIN UNRESOLVED. IWASAKI ALSO QUESTIONED THE COMPATABILITY OF TRIGGER PRICES WITH ANTI-DUMPING PROCEDURES. IN A WAY SIMILAR TO U.S. CRITICS OF THE SOLOMON PLAN, HE NOTED THAT TRIGGER PRICES MAY TACITLY SANCTION "DUMPING" BY HIGHER COST EXPORTERS.

3. TURNING TO THE EC, IWASAKI REMINDED US THAT SINCE THE JAPANESE DO NOT OPPOSE QUANTITATIVE STEEL AGREEMENTS IN PRINCIPLE, THEY HAVE NO REASON TO REJECT OUT OF HAND A BILATERAL AGREEMENT AS PROVIDED FOR IN PHASE II OF THE EC PLAN. HOWEVER, THE GOJ DEFINITELY DOES NOT WANT WHAT IWASAKI DESCRIBED AS "AN MFA-STYLE AGREEMENT" ON STEEL--THAT IS, AN ARRANGEMENT INCLUDING LDC AS WELL AS OLDER INDUSTRIALIZED PRODUCERS.

4. ACCORDING TO IWASAKI, THE GOJ IS NATURALLY VERY INTERESTED IN REACHING A TRI-LATERAL UNDERSTANDING ON THE STEEL TRADE, AND SEES THE EC PLAN EMERGING AS A MAJOR OBSTACLE TO SUCH AN AGREEMENT. IWASAKI EXPRESSED LIMITED OFFICIAL USE

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STRONG DISSATISFACTION WITH EC BASE PRICES, NOTING THAT THEY ARE VERY HIGH RELATIVE TO THE EC'S INTERNAL, "DAVIGNON" PRICES. HE SAID THAT WHILE THIS POINT MAY NOT BE OF GREAT CONCERN TO NON-EXPORTERS LIKE THE U.S., JAPANESE INTERESTS SEE THE BASE PRICES AS SEVERELY CURTAILING, IF NOT ALTOGETHER ELIMINATING, THEIR EXPORTS TO WESTERN EUROPE. IN IWASAKI'S PERSONAL VIEW, A COMPROMISE AMONG THE U.S., EC, AND JAPAN WOULD BE POSSIBLE IF THE EC SIMPLY PROLONGED PHASE I OF THEIR PLAN AND DELAYED IMPLEMENTATION OF PHASE II FOR "TWO OR THREE YEARS". THE GOJ HAS NOT REACHED FINAL CONSENSUS ON HOW TO APPROACH THE EC, BUT STILL PLANS TO CONSULT WITH THEM BY THE END OF THIS MONTH. SHERMAN

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NNN



## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEELS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Disposition Remarks:**  
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**Film Number:** D780029-0582  
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**Office:** ACTION EB  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOJ VIEWS ON GILMORE CASE AND EC STEEL PLAN  
**TAGS:** ETRD, EC, JA  
**To:** STATE  
**Type:** TE  
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